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Southwest Louisiana Partnership  
For Economic Development, Inc.

Financial Statements

As of and for the year ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-25-07

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Estate Planning  
Management Advisory Services  
Small Business Accounting Services

## MEMBERS

### INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors  
Southwest Louisiana Partnership for Economic Development, Inc.  
Lake Charles, Louisiana

Robert G. Dunn  
CPA



DUNN, ROBERTS  
& COMPANY, LLC

We have reviewed the accompanying statement of financial position of the Southwest Louisiana Partnership for Economic Development, Inc. (a nonprofit organization) as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Southwest Louisiana Partnership for Economic Development, Inc.

Sara A. Roberts  
CPA

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Donita G. Helms  
CPA

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

A handwritten signature in black ink that reads 'Dunn, Roberts &amp; Company'.

DUNN, ROBERTS & COMPANY, LLC

Lake Charles, Louisiana  
June 28, 2007

Southwest Louisiana Partnership for Economic Development, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2006

**ASSETS**

Cash	\$	32,712
Prepaid Expenses		<u>2,339</u>
Total Current Assets		35,051
Equipment		18,730
Furniture and Fixtures		<u>6,272</u>
Total Property and Equipment		25,002
Less Accumulated Depreciation		<u>(13,195)</u>
Property and Equipment (net)		<u>11,807</u>
TOTAL ASSETS	\$	<u><u>46,858</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accrued Liabilities	\$	1,056
Total Current Liabilities		<u>1,056</u>
Net Assets:		
Unrestricted		33,995
Temporarily Restricted		<u>11,807</u>
		<u>45,802</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>46,858</u></u>

See accompanying notes and accountants' report.

Southwest Louisiana Partnership for Economic Development, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2006

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support:			
Federal and State Grants	\$ 137,286	\$ -	\$ 137,286
Membership Fees	64,448	-	64,448
Contributions	74,817	-	74,817
	<u>276,551</u>	<u>-</u>	<u>276,551</u>
Revenue:			
Business Incubator Revenue	11,461	-	11,461
	<u>11,461</u>	<u>-</u>	<u>11,461</u>
Net Assets Released From Restrictions:			
Satisfied by Payment	4,945	(4,945)	-
	<u>4,945</u>	<u>(4,945)</u>	<u>-</u>
Total Public Support, Revenue and Reclassifications	292,957	(4,945)	288,012
<b>EXPENSES</b>			
Program Services	297,141	-	297,141
General and Administrative	24,639	-	24,639
	<u>321,780</u>	<u>-</u>	<u>321,780</u>
CHANGE IN NET ASSETS	(28,823)	(4,945)	(33,768)
NET ASSETS, BEGINNING OF YEAR	62,818	16,752	79,570
NET ASSETS, END OF YEAR	<u>\$ 33,995</u>	<u>\$ 11,807</u>	<u>\$ 45,802</u>

See accompanying notes and accountants' report.

Southwest Louisiana Partnership for Economic Development, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2006

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received From Federal and State Grants	\$ 139,419
Cash Received From Private Grants and Contributions	22,317
Cash Received For Membership Dues	64,448
Cash Paid to Suppliers and Employees	(268,993)
Cash Received From Incubation Program Participants	11,461
Net Cash Provided By Operating Activities	<u>(31,348)</u>

Net Increase (Decrease) in Cash and Cash Equivalents (31,348)

Cash and Cash Equivalents:

Beginning of Year	<u>64,060</u>
End of Year	<u>\$ 32,712</u>

**RECONCILIATION OF NET INCOME TO NET CASH**

**PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Increase (Decrease) in Net Assets	\$ (33,768)
Adjustments to Reconcile Net Assets to Net Cash	
Provided By (Used In) Operating Activities:	
Depreciation	4,945
(Increase) Decrease in Accounts Receivable	2,133
(Increase) Decrease in Prepaid Expense	(2,339)
Increase (Decrease) in Deferred Revenue	-
Increase (Decrease) in Accounts Payable	-
Increase (Decrease) in Accrued Liabilities	<u>(2,319)</u>

Net Cash Provided By Operating Activities \$ (31,348)

See accompanying notes and accountants' report.

Southwest Louisiana Partnership for Economic Development, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2006

	PROGRAM	MANAGEMENT AND GENERAL	TOTAL
Executive Labor	\$ 54,891	\$ 6,099	\$ 60,990
Administrative Labor	34,710	3,857	38,567
Education Expense	3,780	420	4,200
Insurance Stipend	8,900	-	8,900
Insurance	2,025	225	2,250
Dues and Subscriptions	3,849	-	3,849
Website Maintenance	11,247	1,250	12,497
Lease	11,933	1,326	13,259
Office Supplies	12,277	1,364	13,641
Cellular Phone	3,350	372	3,722
Audit and Legal	9,906	1,101	11,007
Media and Marketing	67,343	7,483	74,826
Tradeshows	1,311	-	1,311
Mileage	3,370	-	3,370
Miscellaneous Expense	517	-	517
Conferences and Seminars	2,534	282	2,815
Depreciation Expense	4,945	-	4,945
Contributed Services	52,500	-	52,500
Payroll Expenses	7,753	861	8,614
	<u>\$ 297,141</u>	<u>\$ 24,639</u>	<u>\$ 321,780</u>

See accompanying notes and accountants' report.

Southwest Louisiana Partnership for Economic Development, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE A - NATURE OF ACTIVITIES**

The Southwest Louisiana Partnership for Economic Development, Inc. (the Partnership) is a nonprofit corporation organized under the laws of the State of Louisiana. The primary purpose of the Partnership is to promote economic growth and development in Southwest Louisiana through the creation of jobs and financial investments within the region. For reporting purposes, the Partnership's activities are separated into two programs: its Economic Development Program, responsible for carrying out the economic development activities, and the Business Incubator program, responsible for leasing out space to small businesses and providing specific assistance needed to help them grow into larger, more profitable businesses.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Financial statement presentation:

The Partnership has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Partnership is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Partnership does not use fund accounting.

**Unrestricted net assets** are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** consist of donor-restricted contributions. Amounts restricted by the donor, grantor or other outside party for a particular purpose are recognized as revenue when received and such amounts are reported as temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted net assets** are those net assets subject to donor-imposed stipulations that they be maintained permanently by the Partnership. Generally, the donors of these assets permit the Partnership to use all or part of the income earned on any related investments for general or specific purposes. Currently, the Partnership does not have any permanently restricted assets.

continued



Southwest Louisiana Partnership for Economic Development, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Use of estimates:

The preparation of financial statements for the Partnership in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional expenses:

Expenses have been classified by specific functions where ascertainable. Those expenses that cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage.

Cash and cash equivalents:

For purposes of the statement of cash flows, cash includes cash on hand, demand deposits, and all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2006, the Company had no cash equivalents.

Accounts receivable

Grants, contracts, and contributions receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a determination based on an evaluation of the facts and circumstances related to each account. At December 31, 2006, the Partnership did not have uncollected accounts; accordingly, no allowance for doubtful amounts is required.

Contributions:

The Partnership has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions, including promises to give, are recognized as revenue upon receipt and are considered to be unrestricted unless they are received with donor stipulations that limit their use either through purpose or time restrictions.

continued

Southwest Louisiana Partnership for Economic Development, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Fair Value of Financial Instruments:

The Agency's financial instruments, none of which are held for trading purposes, include cash, and grant receivable. The Agency estimates that the fair value of all financial instruments at December 31, 2006, does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of financial position.

Income tax status:

The Partnership is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Currently, the Partnership engages in no activities that would be taxed as unrelated business income.

Property and equipment:

It is the Partnership's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless restricted by the donor. Assets donated with explicit restrictions regarding their use, as well as contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. The Partnership reclassifies these restricted assets to unrestricted assets at such time that the purpose or time restriction is satisfied. For the year ended December 31, 2006, \$4,945 was reclassified from temporarily restricted net assets to unrestricted net assets due to the satisfaction of a time restriction resulting from depreciation expense. Property and equipment are depreciated using the straight-line method with the following useful lives:

Buildings	30-40 years
Furniture, fixtures, and equipment	3-7 years
Improvements	7-15 years

Advertising Costs:

Advertising costs are charged to operations when incurred. Total advertising cost for the year ended December 31, 2006 amounted to \$74,826.

continued

Southwest Louisiana Partnership for Economic Development, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Contributed services:

SFAS No. 116 states that for donated services to be recognized in the financial statements, the services must either (a) create or enhance a nonfinancial asset or (b) be specialized skills, provided by entities or persons possessing those skills, that would be purchased if not donated. During the year, the Partnership received conditional promises to give services from the City of Lake Charles and the Chamber/Foundation of SWLA. Because these promises are conditional on the availability of the specific individuals, the services are not recognized in the financial statements until they are actually received. During the year ended December 31, 2006, the Partnership's donated services consisted of the following: The City of Lake Charles donated the services of an employee to assist with research and marketing due to the employee's extensive small business experience. The value of these services reflected in the accompanying financial statements is \$40,000. In addition, the Chamber/Foundation of Southwest Louisiana donated the services of an employee to head the Partnership's research department. The value of these services reflected in the accompanying financial statements is \$12,500.

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2006:

	Beginning of Year	Addition	Deletions	End of Year
Furniture and Fixtures	\$ 6,272	\$ -	\$ -	\$ 6,272
Office Equipment	18,730	-	-	18,730
	<u>\$ 25,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>25,002</u>
Accumulated Depreciation				<u>(13,195)</u>
<b>NET PROPERTY AND EQUIPMENT</b>				<u><u>\$ 11,807</u></u>

**NOTE D – LEASES**

The Partnership leases office space under an operating lease on a month-to-month basis. Additionally, a copier is leased on a monthly under an operating lease contract. Annual rental expense for these leases included in the statement of activities was \$13,259.

Southwest Louisiana Partnership for Economic Development, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE E – ECONOMIC DEPENDENCE AND CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

During 2006, the Partnership received the majority of its funding from the State of Louisiana. The operations of the Partnership are subject to the administrative directives, rules, and regulations of the State of Louisiana. Such administrative directives, rules, and regulations are subject to change by legislative act. Such changes may occur with little notice or inadequate funding to pay the related cost, including additional administrative burden, to comply with a change.

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

The Partnership's temporarily restricted net assets are available for the following purposes:

Fixed assets restricted to specific use:	<u>\$11,807</u>
Beginning of year	\$16,752
Current year additions	0
Current year depreciation	<u>(4,945)</u>
End of year	<u>\$11,807</u>

**NOTE G – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE H – COMPENSATED ABSENCES**

The Partnership follows the guidelines of the Calcasieu Parish Police Jury in determining the accrual for compensated absences. For the year ended December 31, 2006, the Partnership did not make an accrual for compensated absences because of the immateriality of the amount.

Tax  
Accounting and Auditing  
Financial Planning and Forecasting  
Estate Planning  
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Small Business Accounting Services

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

## MEMBERS

Board of Directors  
Southwest Louisiana Partnership for Economic Development, Inc.  
Lake Charles, Louisiana

Robert G. Dunn  
CPA



**DUNN, ROBERTS  
& COMPANY, LLC**

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Southwest Louisiana Partnership for Economic Development, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Southwest Louisiana Partnership for Economic Development Inc.'s compliance with certain laws and regulations during the year ended December 31, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Sara A. Roberts  
CPA

Donita G. Helms  
CPA

### ***Federal, State, and Local Awards***

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Southwest Louisiana Partnership for Economic Development  
Inc.'s state award expenditures for the fiscal year follow:

STATE GRANT NAME	GRANT YEAR	CFDA No.	AMOUNT
Cooperative Endeavor Agreement	2006	n/a	\$ 137,286

2. For each Federal, state, and local award, we randomly selected eight disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.

3. For the items selected in procedure 2, we traced the eight disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the eight selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the eight disbursements were properly coded to the correct fund and general ledger account.

All of the payments tested were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the six disbursements received approval from the proper authorities.

Inspection of the documentation supporting all of the eight selected disbursements indicated approval from the proper authority.

6. For items selected in procedure 2: For federal awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in *the Compliance Supplement* (or contained in the grant agreement, if the program is not included in *the Compliance Supplement*) and for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

**Activities allowed or unallowed:**

We reviewed the previously listed disbursements for types of services allowed or not allowed. All disbursements were in compliance with the grant agreement.

**Eligibility:**

We reviewed the previously listed disbursements for eligibility requirements. All disbursements were in compliance with the grant agreement.

**Reporting:**

We reviewed the previously listed disbursements for reporting requirements. All disbursements were in compliance with the grant agreement.



DUNN, ROBERTS  
& COMPANY, LLC

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

No programs were closed out during the period under review.

### ***Meetings***

8. We examined evidence indicating agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Management has asserted that notices and agendas are posted at their meeting site, Sulphur City Hall. We did not, however, see any tangible proof of this assertion.



DUNN, ROBERTS  
& COMPANY, LLC

### ***Comprehensive Budget***

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Southwest Louisiana Partnership for Economic Development, Inc. provided a comprehensive budget to the applicable state grantor agency for the program previously mentioned. This budget specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

### ***Prior Comments and Recommendations***

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Southwest Louisiana Partnership for Economic Development, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



DUNN, ROBERTS  
& COMPANY, LLC

*Dunn, Roberts & Company, LLC*

DUNN, ROBERTS & COMPANY, LLC

Lake Charles, Louisiana  
June 28, 2007



**SOUTHWEST LOUISIANA PARTNERSHIP  
FOR ECONOMIC DEVELOPMENT, INC.**  
**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-public Entities)**

April 19, 2007

DUNN, ROBERTS & COMPANY, LLC  
Post Office Box 1725  
Lake Charles, LA 70602

In connection with your review of our financial statements as of December 31, 2006 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 28, 2007.

**Federal, State, and Local Awards**

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes ☒ No ☐

**Budget**

92501

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [ X ] No [ ]

**Prior Year Comments**

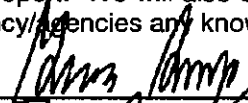
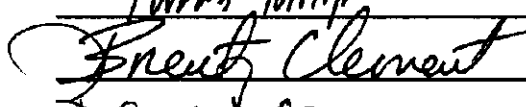
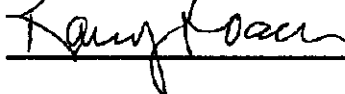
We have resolved all prior-year recommendations and/or comments.

N/A

Yes [ ] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

	Secretary	<u>6/28/07</u>	Date
	Treasurer	<u>6/28/07</u>	Date
	President	<u>6/28/07</u>	Date